



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
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DOUGLAS M. SIZEMORE  
COMMISSIONER

**Bulletin**

TO: All Banks Doing Business in Tennessee

FROM: Douglas Sizemore, Commissioner, Department of Commerce and Insurance

RE: Banks Selling Insurance

DATE: August 1, 1996

This Bulletin will serve as a guideline for all banks who are selling insurance in the State of Tennessee. It is the position of the Department of Commerce and Insurance that all of the State Laws bind every entity that engages in the sale of insurance products regulating this activity. It is also the position of this Department that insurance includes any product defined or regulated as insurance by the insurance laws and regulations of this State. The Department of Commerce and Insurance regulates insurance in this state.

State law requires that all insurance policies must be sold by companies licensed to do business in this state under Title 56 and that all individuals selling insurance must be licensed as agents under Title 56, Chapter 6. Below is a listing of some additional key laws that affect the sale of insurance. A summary of these laws and regulations are as follows:

**FICTITIOUS GROUPING** - T.C.A. Section 56-8-116 prohibits selling of property and casualty insurance on a group basis. Insurance may be marketed toward particular groups if it is disclosed that anyone whether or not a member of the group, may purchase the insurance at the same rates.

**COMPENSATION TO UNLICENSED INDIVIDUALS** - T.C.A. Section 56-6-149 prohibits payment by an insurer or agent of "any commission or other valuable consideration for services in connection with the sale of insurance" unless the recipient of the commissions is a licensed agent (with certain exceptions).

**ACCIDENT AND HEALTH ADVERTISING** - Chapter 0780-1-8.08 permits testimonials or endorsements of accident and health insurance provided that the advertisement discloses that it is a paid endorsement.

Additionally, only banks located and doing business in places with a population of not more than 5,000 may negotiate or sell insurance.

DMS/SKR/pjh